

CITY COUNCIL MEETING
March 10, 1993

Special Town
Hall Mtg.

BUDGET PRESENTATION FOR FINANCE DEPARTMENT

CC-21(b)

Mayor Pennino opened the meeting and reminded the audience of the following guidelines for public input at the "Town Hall" meetings.

"Specifically, the public is invited to tell the City Council:

1. What City services do you (the public) feel could be reduced or eliminated?
2. What ideas do you have for making the City more efficient?
3. What City services are you willing to pay more for in order to maintain them?
4. What City services are you UNWILLING to see cut, no matter what?"

Mayor Pennino informed the public of the "Town Hall" Hotline phone number, 333-6896.

Finance Director Flynn presented an overview of the Finance Department's organization and mission, goals, summaries and statistics. Mr. Flynn also discussed the Department's operating activities, budget reduction strategies and objectives, and salary and benefits.

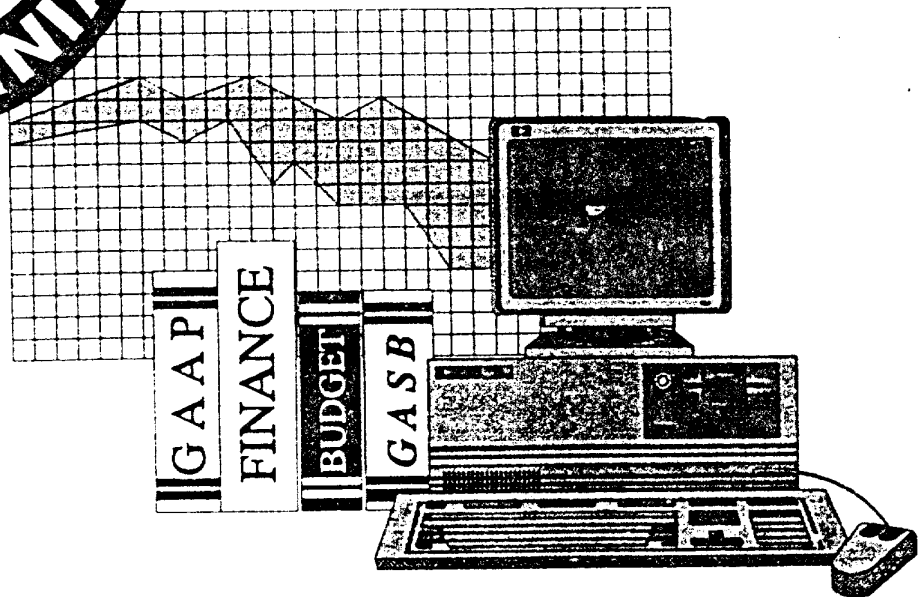
The following staff people were introduced by Mr. Flynn and a few presented testimony during the presentation:

- a) Vicky McAthie, Accounting Manager;
- b) Joel Harris, Purchasing Agent;
- c) Maxine Cadwallader, Revenue Manager;
- d) Roy Todd, Data Processing Supervisor; and
- e) Duane Meacham, Field Services Supervisor.

Following a lengthy discussion, the following person spoke on several different occasions regarding the matter:

- a) Frank Alegre, 2000 Edgewood Drive, Lodi.

Mayor Pennino announced that at the Shirtsleeve Session for March 16, 1993 and the City Council meeting of March 17, 1993 the City Council would be discussing refuse rate adjustments and urged the public to attend.



FINANCE DEPARTMENT

MARCH, 1993

MEMORANDUM

March 5, 1993

TO: See Distribution

FROM: Dixon Flynn, Finance Director

SUBJECT; TOWN HALL MEETING - MARCH 10, 1993

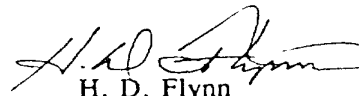
The attached report was prepared by Finance Department staff to assist the public, City Council and staff in describing Finance Department operations, budget and staffing history for the last five years, to include a mission statement, goals, objectives and significant expenditures of the last two years.

The format used in this presentation is similar to the format used by many cities in their budget presentation. While it is brief, the intent is to focus on essential services and costs.

Hopefully, the City Council and public will recognize the efforts of the Finance Department staff to reduce and control operating costs and to improve the quality services. However, the focus of the Town Hall Meetings is to not only identify what has been done to reduce cost and improve services, but to identify what can be done to further reduce cost and balance the 1993-94 Budget. Accordingly, the Finance Department has prepared recommendations for Council consideration which include:

- * Maintaining the current hire freeze
- * Structural changes in the Department organization and staffing
- * Privatization of services
- * Contracting for services
- * Policy and procedural changes

I believe that the City of Lodi has a Finance Department of which it can be proud. For the most part the employees of this Department have grown up, raised families and lived in Lodi for many years. We share the same values and concerns about the City and the increasing costs of government. If given the opportunity, we believe we can demonstrate that we are as competitive and service oriented as any private enterprise or other public agency.



H. D. Flynn
Finance Director

Distribution

City Council
City Manager
City Departments
Finance Department staff
Town Hall Meeting

PREFACE

TOWN HALL MEETINGS

At the request of the City Council, Town Hall Meetings have been organized to assist the City Council, the City Manager and the citizens of Lodi understand the services and service costs provided by the City and to help establish a consensus to balance the 1993-94 Budget. Accordingly, the Council directed that each Department present the following information at a scheduled Town Hall Meeting:

- * Organization chart
- * Goals and objectives
- * Operating costs and staffing changes over 5 years
- * Recommended cost and staff reductions
- * Revenue enhancement measures to be considered

The Meetings are organized and presented to allow for questions and answers from both the City Council and the public. These Meetings are to serve the following objectives:

- * To assist in building consensus as to cost reduction and revenue enhancement measures required to balance the 1993-94 Budget
- * To focus budget development on community values and priorities
- * To identify significant Department goals, objectives and performance measures
- * To identify measures which may be taken to reduce operating costs, staffing levels and capital projects
- * To identify measures which may be taken by the City Council to enhance revenues to balance the budget and to pay for new services and capital projects

This Report is organized into the following five sections. Each section is introduced by an overview which describes its purpose, format, and content.

Section A

Introduction

Includes an Organization Chart, a Mission Statement, and budget statistics and summaries pertaining to the Finance Department.

Section B

Operating Activities

Describes the Finance Department activities which form the basic organization units that provide financial and support services. The format used to make this presentation is divided into five sections:

- * Description of the activity and the major programs conducted
- * A summary of the operating costs over five years
- * A summary of the personnel authorizations over five years
- * A list and short description of the current objectives and significant costs identified by City Council, City Manager or Finance Director.
- * A list of workload factors to measure performance and resources

Section C

Financial Planning Strategies

Describes strategies to be considered to promote the sound financial health of the City and to reduce Finance Department operating costs.

Section D

Salary and Benefits Table

Provides the combined and individual salary and benefits by position for the employees of the Finance Department projected for Fiscal Year 1993-94.

TABLE OF CONTENTS

PREFACE

Section A

INTRODUCTION

Department Organization

Mission, Goals, Summaries and Statistics

Section B

OPERATING ACTIVITIES

Administration

Accounting Operations

Revenue Operations

Field Services

Purchasing

Data Processing

Section C

BUDGET REDUCTION STRATEGIES AND OBJECTIVES

Hire Freeze

Structural Changes

Privatization of Services

Contracting for Services

Policies to reduce or eliminate waste

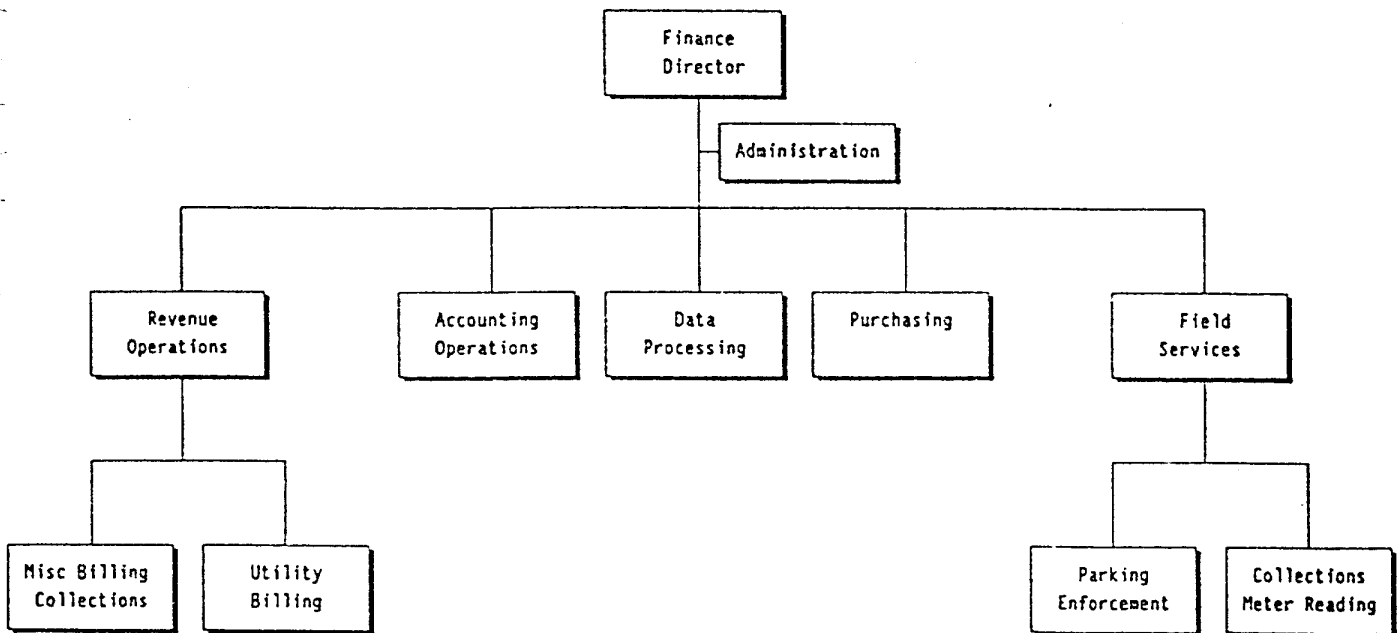
Policies to promote efficiency

Section D

SALARY AND BENEFITS TABLE

Section A
INTRODUCTION

Finance Department



MISSION STATEMENT

DEPARTMENT: Finance

FUND: General Fund

MISSION

The overall mission of the Finance Department is provide financial support and general support services to the citizens, customers and staff of Lodi by conducting the following activities:

- Administration (8% of activity)
- Accounting services (18% of activity)
- Revenue management services (21% of activity)
- Field services (18% of activity)
- Purchasing services (13% of activity)
- Data processing services (13% of activity)

DEPARTMENT COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	1,116,805	1,298,388	1,549,015	1,647,089	1,622,145
200 Utilities & Communications	52,245	57,787	74,872	67,532	83,780
300 Supplies, Materials & Services	121,573	133,544	165,239	258,421	265,069
400 Depreciation					
500 Equipment, Land & Structures	19,772	6,750	12,713	52,635	20,239
600 Special Payments	285	0	10,619	7,892	0
TOTAL	1,310,680	1,496,469	1,812,458	2,033,569	1,991,233
Growth		14%	21%	12%	-2%

STAFFING SUMMARY

Administration	4.0	4.0	4.0	4.3	3.6
Accounting Division	6.5	6.5	7.5	7.0	7.0
Revenue Management Division	10.5	11.5	11.5	11.5	11.5
Field Services Division	10.0	10.0	10.0	10.0	10.0
Purchasing Division	4.0	5.0	5.0	5.0	5.0
Data Processing Division	4.0	5.0	6.0	5.0	5.0
TOTAL	39.0	42.0	44.0	42.8	42.1
Growth		8%	5%	-3%	-2%

DEPARTMENT GOALS

* CUSTOMER SERVICE FIRST

To promote and foster attitudes, policies and procedures which treat citizens, customers and the businesses of Lodi as valued customers. (We care, We serve, and We give the best value for your dollar - Check us out)

* PERSONNEL RESOURCES

To promote, foster and implement policies and procedures which promotes the professional development and growth of employees as the most valued resource of the City in providing services.

* FINANCIAL RESOURCES

To promote, foster and implement policies and procedures that: 1) ensure that the City's financial resources are protected, reported and accounted for in accordance with accepted accounting principles and practices; 2) ensure financial resources are used in accordance with public policy as set forth by the City Council; and 3) promote effective planning and budgeting.

* COST CONTROL

To promote, foster and implement policies, procedures and standards that ensure that services provided are the most cost effective possible within the service standards and policies set forth by the City Council and City Manager. The methods include: privatization of commercial type activities; contracting for services when a competitive market exists; performance audits by an independent audit firm; eliminating standards and policies which are not cost effective, and exploiting new technology.

BUDGET STATISTICS AND SUMMARIES

DEPARTMENT: Finance

FUND: General Fund

BUDGET STATISTICS – FINANCE DEPARTMENT

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
Overtime Hours			369	373	675
Overtime Cost			\$6,330	\$6,015	\$8,736
Operating cost per employee	\$33,647	\$35,630	\$41,192	\$47,513	\$47,298
Growth		6%	16%	15%	-0%
Operating cost per capita	\$27.28	\$30.40	\$36.01	\$38.71	\$37.44
Growth		11%	18%	7%	-3%
Average salary per employee	\$28,636	\$30,914	\$35,205	\$38,483	\$38,531
Growth		8%	14%	9%	0%
Salary per capita	\$23.25	\$26.38	\$30.78	\$31.35	\$30.50
Growth		13%	17%	2%	-3%
CPI-U (San Francisco)	120	126	132	138	142
Growth		5%	4%	5%	3%
Tax Revenues (Property and Sales)	\$7,882,000	\$8,872,000	\$9,310,000	\$9,529,000	\$10,004,385
Growth		13%	5%	2%	5%

City Wide Statistics

General And Special Revenue Funds

City Revenues	\$22,317,100	\$21,526,400	\$22,454,000	\$24,987,600	\$30,127,800
City Expenditures	\$24,712,900	\$25,764,300	\$26,142,711	\$28,206,000	\$28,425,735

Enterprise Funds

City Revenues	\$32,110,700	\$35,589,400	\$37,291,713	\$41,920,119	\$41,203,700
City Expenditures	\$26,349,600	\$28,792,100	\$31,748,400	\$35,399,497	\$34,626,900

Cash and Investments

(Less PERS and restricted cash)

	\$28,274,000	\$26,413,000	\$20,847,367	\$20,837,872	\$18,000,000
--	--------------	--------------	--------------	--------------	--------------

Tax Revenues Per Capita Less Sales Tax

Lodi	\$127.38	\$124.65	\$129.58	\$125.41	
Stockton	\$165.99	\$208.78	\$187.99		
Manteca	\$99.99	\$116.76	\$134.01		
Galt	\$125.43	\$115.15	\$141.99		
Tracy	\$125.46	\$121.78	\$138.08		

Section B
OPERATING ACTIVITIES

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Administrative Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Administrative Division is responsible for the city's financial operations in accordance with established fiscal policies to include purchasing, data processing, and parking enforcement on designated streets and lots; providing City Hall reception and switchboard services; providing central mailing and distribution services; and, coordination of customer services. Activity goals include: 1) quality customer service; 2) financial planning, reporting and accounting; 3) protection of city's assets from unauthorized use or non-compliance with public policy; and 4) quality support services. The major activities include:

- **POLICIES AND STANDARDS.** Developing, recommending and implementing financial planning, reporting and accounting standards to ensure the City's resources are used in the most efficient and effective manner in accordance with public policy.
- **ACCOUNTING AND BUDGETING.** Coordinating preparation of the annual budgets; payment of the City's payroll and invoices; maintaining the City's accounting records; preparing and issuing scheduled and periodic financial reports; coordinating annual and special audits and reviews of the City's financial records, internal controls and operations; preparing cost allocation plans; and projection of revenues and fund balances during budget preparation and execution.
- **REVENUE MANAGEMENT.** Billing and collecting utility service payments; business taxes and pet license fees, and other revenues and receivables due the City; managing the City's investment portfolio; and, developing and maintaining cost recovery programs.
- **SUPPORT SERVICES.** Reviewing, coordinating, and directing support services, policies, and programs as to purchasing, inventory management, data processing, and programming; directing and coordinating City Hall reception and switchboard services; directing and coordinating City mail and distribution services.

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	162,708	172,195	192,120	200,704	158,350
200 Utilities & Communications	1,491	1,445	1,440	2,172	3,500
300 Supplies, Materials & Services	20,778	20,270	15,375	67,654	23,850
500 Equipment, Land & Structures	275	740	1,605	21,883	
600 Special Payments	285				
TOTAL	185,537	194,650	210,540	292,413	185,700
Growth		5%	8%	39%	-36%

STAFFING SUMMARY

Finance Director	1	1	1	1	1
Assistant Finance Director	1	1	1	1	0
Department Secretary	1	1	1	1	1
City Hall Receptionist	1	1	1	1	1
Temporary Positions (FTE's)	0	0	0	0.3	0.6
TOTAL	4	4	4	4.3	3.6
Growth		0%	0%	8%	-16%

ACTIVITY OBJECTIVES

- * **1992-94:** Contract development of software specifications for software to replace older systems software (\$15,500)
- * **1992-94:** Prepare a City Purchasing Policy Manual and Information Systems Manual for City Council approval.
- * **1992-94:** Revise the Business Tax Ordinance and recommend a new rate structure
- * **1992-94:** Identify new revenue sources to finance essential city services and capital projects
- * **1992-94:** Purchase Personal Computers and software to improve staff efficiency in Finance, Personnel and Administration. (\$29,000)
- * **1992-94:** Contract for sales tax audit (Hinderleiter and DeLlamas) (\$16,000)
- * **1992-94:** Develop Department mission statement, goals, objectives and activity description

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance

ACTIVITY: Administration (continued)

WORKLOAD INDICATORS	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
Number of regular employees	35	38	40	39	38
Number of temporary employees	5	4	4	3.8	4.1
Items of mail processed		116,800	114,700	116,800	120,000

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Accounting Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Accounting Division is responsible for the maintenance and control of the City financial records and books of original entry; preparation, analysis and publication of all financial reports required by the City, State and Federal governments; maintenance of records on issued and outstanding debts; maintenance of cost accounting systems; maintenance of fixed asset records; preparation of payroll and associated reports; and payment of invoices for materials, equipment and services purchased by the City.

- ACCOUNTING AND REPORTING Prepare and distribute routine and periodic financial reports. (28% of activity)
- ANNUAL AUDIT. Assist City auditors in preparation of annual audit, prepare and distribute the Combined Annual Financial Report and coordinate response to the Management Letter issued by the City's auditors. (18% of activity)
- BUDGETING. Assist in preparation and management of City's annual expenditure budget, publication of the operating budget and projection of fund balances, income statements and balance sheets (12% of activity)
- PAYROLL SERVICES. Provide payroll and reporting services for City employees. (14% of activity)
- ACCOUNTS PAYABLE SERVICES. Process vendor, supplier and contractor invoices in a timely and accurate manner as prescribed by City policy and procedure (28% of activity)

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	156,918	187,609	231,145	268,957	286,815
200 Utilities & Communications	3,140	3,205	3,699	3,860	4,230
300 Supplies, Materials & Services	6,963	9,587	22,295	13,443	21,430
500 Equipment, Land & Structures	1,936	2,068	3,548	1,581	2,500
600 Special Payments	0	0	0	0	0
TOTAL	168,957	202,470	260,687	287,841	314,975
Growth		20%	29%	10%	9%

STAFFING SUMMARY

Accounting Manager	1	1	1	1	1
Accountant II	0	0	1	1	1
Senior Account Clerk	1	1	1	1	1
Account Clerk	3	4	4	4	4
Temporary Positions (FTE's)	1.5	0.5	0.5	0	0
TOTAL	6.5	6.5	7.5	7	7
Growth		0%	15%	-7%	0%

ACTIVITY OBJECTIVES

- * 1992-94: Implement fixed asset accounting system
- * 1992-94: Submit Combined Annual Financial Report (CAFR) to the Government Finance Officer's Association for evaluation
- * 1992-94: Publish City Operating Budget (\$2,000)
- * 1992-94: Develop Monthly Executive Report to summarize City's revenues, expenditures, personnel status, and financial condition.
- * 1992-94: Identify payroll, accounts payable and financial accounting systems requirements needed to increase staff efficiency and provide essential financial information.
- * 1992-94: Establish contract services to microfiche payroll and accounting reports to be kept longer than 3 years. (\$3,500)
- * 1992-94: Obtain systems software to improve communication between central computer and PC terminals and to establish automated fixed asset management. (\$14,000)

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Accounting Division (continued)

	1988 - 89	1989 - 90	1990 - 91	1991 - 92	1992 - 93
WORKLOAD INDICATORS	Actual	Actual	Actual	Actual	Budget
Payroll checks issued	13,928	13,055	14,225	15,180	16,180
Accounts payable invoices paid	11,133	11,164	11,596	11,867	12,167
Supplemental budget requests processed	169	138	195	164	160
Number of Funds	58	56	60	66	66
General Journal Entries	1,375	1,727	1,834	1,486	1,500

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Revenue Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Revenue Division is responsible for the collection and custody of City funds, investment of idle funds, maintaining customer relations with the City's banks, sale of Dial-A-Ride tickets; utility billing for electric, water, sewer and garbage; customer services and information for utility customers; business license and pet license administration and tax collection; and management of imprest funds.

- **BILLING AND PAYMENT COLLECTION.** Prepare, issue, collect and reconcile utility bill for electric, water, sewer and garbage customers of the City; prepare, issue and collect miscellaneous bills; and reconcile receivables. (63% of activity)
- **BUSINESS LICENSE AND PET LICENSE ADMINISTRATION AND COLLECTION.** Prepare, distribute, enforce and collect business license ordinance and taxes. Issue annual pet licenses to pet owners. (9% of activity)
- **MANAGING CITY'S INVESTMENT PORTFOLIO.** Invest and report to the City Council on the investment of the City's excess cash in accordance with the investment policies approved by the City Council. (4% of activity)
- **CUSTOMER SERVICES AND INFORMATION FOR UTILITY CUSTOMERS.** Process turn-ons and terminations; and, respond to customer inquiries regarding city utilities. (18% of activity)
- **BUDGETING.** Prepare annual revenue projections for the City budget and fund balance projections; track revenues received; and prepare cash flow reports (6% of activity)

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	266,774	299,449	334,415	357,597	343,900
200 Utilities & Communications	40,570	42,353	57,045	49,741	62,800
300 Supplies, Materials & Services	12,170	21,949	25,585	39,629	46,881
500 Equipment, Land & Structures	4,235	459	1,883	29,171	15,225
600 Special Payments				108	
TOTAL	323,749	364,210	418,969	476,246	468,806
Growth		12%	15%	14%	-2%

STAFFING SUMMARY

Revenue Manager	0	0	0	0	1
Revenue/Collection Technician	1	1	1	1	1
Senior Account Clerk	1	1	1	1	1
Account Clerk	5	7	7	7	6
Temporary Positions (FTE's)	3.5	2.5	2.5	2.5	2.5
TOTAL	10.5	11.5	11.5	11.5	11.5
Growth		10%	0%	0%	0%

ACTIVITY OBJECTIVES

- ★ **1992-94:** Update business license tax ordinance and recommend a tax structure using gross receipts.
- ★ **1992-94:** Prepare revenue projections for annual budget
- ★ **1992-94:** Implement contract parking ticket collection system and identify and select qualified contractor
- ★ **1992-94:** Identify an automated cashiering system for replacement of existing system
- ★ **1992-94:** Develop, recommend and implement policies to improve utility billing system, reduce costs and to improve customer relations:
 - Summary billing
 - Five year billing and consumption history by customer/by account
 - Refund customer deposits who have establish good credit history with the City.
 - Evaluate benefits and costs to privatizing garbage billing and use of pay stations to receive payments

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Revenue Division (continued)

	1988-89	1989-90	1990-91	1991-92	1992-93
WORKLOAD INDICATORS	Actual	Actual	Actual	Actual	Budget
Utility bills issued	260,913	266,879	271,669	273,434	275,322
Utility customer starts and stops	12,804	13,188	13,452	12,722	12,425
Accounts receivable bills issued					900
Business Licenses Issued	3,986	4,105	4,103	4,139	4,150
Pet Licenses Issued	4,003	4,018	4,020	4,300	4,500
Number of Utility Customers	21,691	22,260	22,650	22,739	22,907

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Field Services Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Field Services Division is responsible for reading the city's electric and water meters; service turn-ons and turn-offs; parking enforcement in designated parking districts; notifying utility customers of delinquent accounts; identifying theft of electricity and water; delivering utility bills to Post Office; and responding to customer complaints on utility bills.

- **METER READING.** Read city electric and water meters and report meter reads to utility billing staff. (50% of activity)
- **UTILITY TURN-ONS/TURN-OFFS.** Connect and disconnect customers based on applications for service, termination of service or for delinquent accounts. (20% of activity)
- **CUSTOMER SERVICES.** Assist customers turned-off for delinquent bills and other complaints regarding utility services; authorizing extensions on payment of delinquent bills; determining accounts to be sealed for non-payment; and, collection of delinquent bills. (10% of activity)
- **PARKING ENFORCEMENT.** Enforce City's parking ordinances in designated districts (downtown, PCP, schools). (20% of activity)

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	264,116	283,928	320,362	345,171	348,665
200 Utilities & Communications	2,113	2,271	2,563	2,761	2,790
300 Supplies, Materials & Services	13,409	23,386	23,643	32,926	45,495
500 Equipment, Land & Structures	818				
600 Special Payments					
TOTAL	280,456	309,585	346,568	380,859	396,950
Growth		10%	12%	10%	4%

STAFFING SUMMARY

Field Services Supervisor	1	1	1	1	1
Meter Reader	4	4	4	4	4
Account Collectors	2	2	2	2	2
Parking Enforcement Assistants	2	2	2	2	2
Temporary Positions (FTE's)	1	1	1	1	1
TOTAL	10	10	10	10	10
Growth		0%	0%	0%	0%

ACTIVITY OBJECTIVES

- **1992-94:** Work with Electric Utility Department to develop energy/water theft control program
- **1992-94:** Work with Community Development to develop a city-wide building code for placement of electric and water meters to improve efficiency in meter reading
- **1992-94:** Explore new meter reading technology to improve staff efficiency and reduce long term costs
- **1992-94:** Evaluate contracting for meter reading services

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance

ACTIVITY: Field Services Division (continued)

	1988-89	1989-90	1990-91	1991-92	1992-93
WORKLOAD INDICATORS	Actual	Actual	Actual	Actual	Budget
Turn-ons/Turn-offs	12,804	13,188	13,452	12,722	13,425
Seal for Non-Payment	985	824	778	936	963
Number of Electric Meters	21,691	22,260	22,650	22,739	22,800
Number of Water Meters			430	750	801
Persons Referred to Assistance Services				750	1,200
Vehicle miles					85,464
Deliquent Notices	14,486	16,124	15,321	15,939	16,404

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Purchasing Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Purchasing Division is responsible for providing centralized support services in the procurement of supplies, equipment and material as provided in City ordinances and other public policy; the warehousing and distribution of selected supplies, material and equipment; disposal of surplus supplies, material and equipment; and maintaining good working relations with city vendors and suppliers.

- **PROCUREMENT SERVICES.** Manage the research, sourcing, bidding and procurement of supplies, material and equipment as requested by City departments in accordance with public policy in order to obtain the best value for cost to the City. (65% of activity)
- **WAREHOUSING AND DISTRIBUTION SERVICES.** Store, maintain and distribute office supplies, janitorial supplies, electric department material and electric department equipment; receive, inspect and distribute supplies, material and equipment ordered by the Purchasing Division. (20% of activity)
- **DISPOSAL OF SURPLUS MATERIAL, EQUIPMENT AND SUPPLIES.** Coordinate the disposal of surplus property in accordance with public policy to obtain the best return for the City through competitive sales. (5% of activity)
- **ESTABLISH AND MAINTAIN VENDOR/SUPPLIER RELATIONS.** Maintain effective working relations with the Lodi business community and other competitive vendors to ensure the best values for the cost; maintain listing of qualified, competitive suppliers and service contractors by supply or service class; and, negotiate terms favorable to the City. (10% of activity)

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	130,701	182,431	200,061	216,994	223,185
200 Utilities & Communications	4,295	7,607	8,919	8,147	9,610
300 Supplies, Materials & Services	19,020	18,636	22,019	25,589	33,598
500 Equipment, Land & Structures	9,980	1,937	3,825		2,514
600 Special Payments					
TOTAL	163,996	210,611	234,824	250,730	268,907
Growth		28%	11%	7%	7%

STAFFING SUMMARY

Purchasing Officer	1	1	1	1	1
Buyer	1	1	1	1	1
Purchasing Assistant	0	1	1	1	1
Buyer/Senior Storekeeper	1	1	1	1	1
Storekeeper	1	1	1	1	1
TOTAL	4	5	5	5	5
Growth		25%	0%	0%	0%

ACTIVITY OBJECTIVES

- * 1992-94: Develop a Purchasing Policy and Procedures Manual for review and adoption by City Council.
- * 1992-94: Contract with consultant to evaluate alternative purchasing practices: 1) contracting with other agencies for purchasing services; and, 2) contracting with other agencies or private businesses for warehouse and delivery services. (\$20,000)
- * 1992-94: Evaluate the use of a cooperative purchasing arrangement with other local agencies to lower price and administrative cost of purchasing.

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Purchasing Division (continued)

	1988-89	1989-90	1990-91	1991-92	1992-93
WORKLOAD INDICATORS	Actual	Actual	Actual	Actual	Budget
Purchase Orders issued					
Requisitions received					
Equipment items in inventory					
Issues					
Blanket Purchase Orders					
Vehicle miles on delivery vehicle					

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance
ACTIVITY: Data Processing Division

FUND: General Fund

ACTIVITY DESCRIPTION

The Data Processing Division is responsible for operation and maintenance of the Finance Department's central computer and Police Department's sub-system; maintaining application approved by the Finance Director; and assisting other departments on a time available basis with computer programs and systems maintenance.

- **CENTRAL COMPUTER OPERATION AND MAINTENANCE.** Maintain and operate IBM AS 400 and AS 400 sub-system computer including peripheral equipment and applications software of the Finance, Police and Fire Departments, including contract maintenance services. User support limited to specific approval of Finance Director on a case by case basis. (20% of activity)
- **SOFTWARE MAINTENANCE.** Maintain and operate software approved by the Finance Director for the Finance, Police and Fire Departments; and make programming changes to systems software as needed within available resources. (50% of activity)
- **OFFICE PRODUCTS SUPPORT.** Provide City departments with access, support and training in the use of office products software and query capability on a time available basis. (5% of activity)
- **SOFTWARE SYSTEMS DEVELOPMENT.** Within the resources authorized, enhance, design and implement software and systems to meet user needs as authorized by the Finance Director. Contracting for major software changes and purchase of "canned" programs is preferred. (25% of activity)

ACTIVITY COSTS

	1988-89	1989-90	1990-91	1991-92	1992-93
	Actual	Actual	Actual	Actual	Budget
100 Personnel Services	135,588	172,776	270,871	257,666	261,230
200 Utilities & Communications	636	905	1,206	851	850
300 Supplies, Materials & Services	49,233	39,716	66,931	86,964	93,815
500 Equipment, Land & Structures	2,528	1,546	1,852		
600 Special Payments					
TOTAL	187,985	214,943	340,860	345,481	355,895
Growth		14%	59%	1%	3%

STAFFING SUMMARY

Data Processing Manager	1	1	1	1	1
Data Processing Operations Specialist	1	1	1	1	1
Data Processing Programmer/Analyst	1	1	2	1	1
Senior Programmer Analyst	1	2	2	2	2
TOTAL	4	5	6	5	5
Growth		25%	20%	-17%	0%

ACTIVITY OBJECTIVES

- **1992-94:** Automated meter reading system installed (\$45,000)
- **1992-94:** Develop a "Summary Bill" for customers with multiple accounts.
- * **1992-94:** Modify current utility billing software to allow 2 years of billing and consumptions history for Billing Section
- **1992-94:** Design and implement new utility bill
- * **1992-94:** With Accounting Division develop and implement a payroll budget system to track pay, benefits and hours worked of each employee.
- **1992-94:** With the Revenue Division develop and implement an automated cashier and miscellaneous accounts receivable system at a cost of \$15,000.
- * **1992-94:** With contractor support, seek bids for following "canned" systems software: utility billing; accounting; budgeting; cash register operations; accounts receivable; fixed assets/property management; and, accounts payable. (\$300,000)
- * **1992-94:** Establish specifications, seek bids and implement Public Safety (Police and Fire) dispatch and records management. (Special Allocation: \$150,000)

FINANCIAL ADMINISTRATION

DEPARTMENT: Finance

ACTIVITY: Data Processing Division (continued)

	1988-89	1989-90	1990-91	1991-92	1992-93
WORKLOAD INDICATORS	Actual	Actual	Actual	Actual	Budget
Work stations supported	40	68	77	100	131
Computer Users					234
Major software systems maintained					
Utility Billing	1	1	1	1	1
Payroll	1	1	1	1	1
General Accounting	1	1	1	1	1
Business License	1	1	1	1	1
Accounts Payable	1	1	1	1	1
Police/Fire CAD/Records				1	1
Building Dept Management	1	1	1	1	1
Major software systems implemented					
Police/Fire CAD/Records				1	
Building Dept Management	1	1	1	1	1

Section C
BUDGET REDUCTION STRATEGIES

BUDGET REDUCTION STRATEGIES AND OBJECTIVES

BACKGROUND

Given the economic condition of the State and recent press statements from the Legislature, State Controller, State Treasurer and Governor, it appears that Lodi will be forced to reduce its budget for the second time in as many years. Staff estimates the budget cuts to around \$1.5 million or 5% of current revenues. Accordingly, the City Council and staff have begun to develop strategies and options to balance the 1993-94 Budget. These include the elimination or reduction of services, pay freezes, and revenue enhancement measures.

In 1992, the City Manager directed each Department to develop a list of budget reductions that could be used to balance the City budget if the State cuts City funding. The recommended cuts included a wide range of measures that could be adopted on an emergency basis from minor to major changes in services, to tighter cost control policies, to revenue enhancement measures. The strategies being considered to balance the 1993-94 budget include the following options:

- * Privatization of services
- * Contracting services when there is a competitive market
- * Adopting and revising policies to eliminate waste, abuse, bureaucratic red tape and unrealistic service standards
- * Adopting policies and standards that promote efficient and effective operations
- * Reducing or eliminating services
- * Pay freezes
- * Hire freezes
- * Reduction in operating costs for supplies, material and services
- * Deferring capital projects
- * Revenue enhancement measures

FINANCE DEPARTMENT

In the last two years the Finance Department has reduced its authorized staff by two full time positions at a savings of approximately \$115,000 per year and reduced staffing by two additional positions under the City's hire freeze policy. Total annual compensation savings to the City is approximately \$200,000 per year. Overall, the Finance Department has reduced operating cost by 2% from the 1991-92 budget level of \$2,034,000 for a net savings of \$40,000 after approved pay raises and one-time investment costs to improve staff efficiency.

In addition to these savings, the City Manager and City Council may wish to further reduce the cost of the Finance Department by electing one or more of the options described below. However, further reductions in staff and operating expense could significantly impact this Department's ability to provide services at current levels.

Hire Freeze

Parking Enforcement Assistant

Eliminate position currently vacated in the parking enforcement program which would reduce but not eliminate the parking enforcement program.

Savings: \$35,300 per year gross (does not factor in the loss of revenue from fines)

Programmer/Analyst

Eliminate position currently vacated in the Data Processing Division and reduce but not eliminate Departments ability to maintain system programs and respond to information requests.

Savings: \$44,800 per year gross (does not factor in greater cost to City should systems fail or Department can not respond timely to mandated systems changes)

Structural Changes

Finance Director's Position

Eliminate the Finance Director's position and combine the Finance Department, Personnel Department, Risk Management Office and Dial-A-Ride Program into one Department under the Assistant City Manager with the title: "Director of General Services".

Savings: \$85,000 per year plus.

Parking Enforcement Assistants

Eliminate the Parking Enforcement Program and shift responsibility for parking enforcement in part or whole to the Police Department within current staffing levels of the Police Department.

Savings: Up to \$80,000 per year gross. (does not factor in loss of revenues from fines due to the lower priority this program would have in the Police Department)

Privatization of Services

Garbage Billing

The City's garbage and waste disposal services are privatized with the exception of the billing service. Accordingly, the City Council could direct that the waste disposal franchise be re-negotiated to shift the responsibility to California Waste Disposal.

Savings: To be determined based on cost analysis. (should prove that the City is more cost effective than a private company)

Contracting for Services

Development and maintenance of systems software

Purchase software from software companies that develop and maintain "canned financial software systems" for city finance operations. Lodi recently purchased a "public safety software package" under this concept for Police/Fire computer aided dispatch and records management.

Savings: Requires a cost analysis to determine if savings are possible.

Contract meter reading

Contract meter reading with other utilities (PG&E) or a private contractor or contract to read meters of other utilities.

Savings: Requires cost analysis to determine if savings or revenues are possible.

Contract purchasing services

Option 1. Seek bids from other public agencies (San Joaquin County, Cities of Stockton, Tracy, Sacramento, etc) for purchasing services.

Savings: Savings limited to scope of contract and bids submitted by other agencies.

Option 2. Seek bids from local office supply stores to maintain, stock and deliver certain office supplies to City.

Savings: To be determined based on scope of contract, bids received, City purchasing policy and reduction of workload for City personnel.

Option 3. Seek bids from local contractors and other utilities to purchase, stock and deliver items maintained in inventory by the Finance Department or require Electric Utility to maintain their inventories without additional personnel resources.

Savings: To be determined based on scope of contract, bids received and reduction of workload for City personnel. (could impact City's ability to react timely to emergency needs of Electric Department)

Contract Out Data Processing Services

Option 1. Seek bids from contractors to operate City's Data Processing services.

Savings: To be determined based on scope of contract, bids received and reduction of workload for City personnel. (could impact City's ability to react timely to emergencies in the Police and Fire Department)

Adopt policies to eliminate/reduce perceived or real waste, abuse, bureaucracy, and unrealistic service standards

(1) Change existing policies or procedures that may be perceived as waste, abuse, unnecessary bureaucracy and unrealistic standards. (2) Adopt policies and practices to reassure public that the City Council aggressively seeks to eliminate waste, abuse, unnecessary bureaucracy and unrealistic standards.

Option 1. Contract with outside consultant for management and performance audits.

Savings: There may be no savings; however, these audits should: (1) assure the public that the City Council is taking aggressive action to eliminate waste, abuse, inefficiency, unnecessary bureaucracy and unrealistic standards in the Finance Department; and (2) identify what efforts and new policies are needed to improve finance department services and reduce costs.

Option 2. Customer service - utility billing. Adopt policy to allow City customers to sign up for utility services by phone.

Savings: No savings to City but should save customers time and cost when establishing a new account.

Option 3. Overtime pay. Adopt policy to establish more restrictive standards for payment of overtime and accumulated "comp time".

Savings: The cost of overtime and "comp time" is between \$700,000 and \$800,000 per year of which \$6,000 to \$8,000 can be attributed to Finance Department personnel. A more restrictive policy to define overtime and payment of "comp time" could reduce this expense.

Adopting policies and standards to promote efficient and effective operations

Options 1. Privatization. The City Council could adopt a policy to require commercial type services conducted by the city to compete with the private sector on a recurring basis (once a year, once every five years, etc.) to determine who is the most cost effective and award contract accordingly.

Savings: To be determined based on cost study, bids received, and cost analysis. Would require the cost of a consultant to conduct study, evaluate bids and insure an even playing field. In those instances when city staff is the most cost effective, the consultant cost is the cost of assuring the public that they are getting the best value for their money.

Option 2. Contracting for services. The City Council could adopt a policy to require City staff to identify services performed by staff for which there is a competitive service market and then on a recurring basis require staff to compete with the public sector for the job.

Savings: To be determined on bids received and cost analysis. Would require a consultant to conduct study and evaluate bids to assure an even playing field. In those instances when the City staff is the most cost effective, the consultant cost should be written off as the cost of assuring the public that the City provides the best service for the cost.

Options 3. Budget policies. The City Council could adopt formal financial planning and budget policies such as:

- * Organization of the budget; purpose, objectives, format, and standards
- * Revenue management policies
 - Fees for services and commodities
 - Economic development
 - Tax measures
 - Arbitrage
- * Revenue distribution policies
- * Investment policies
- * Capital financing and debt management policies
- * Capital improvement management policies

- * Cost containment policies
 - Employee compensation (overtime, benefits, productivity, market)
 - Growth of staff and use of temporary employees
 - Productivity (standards, practices, technology and audits)
 - Privatization (commercial type activities)
 - Contracting for services (services and professional)
- * Out of budget cycle appropriations

Savings: Long term savings by providing focus on management of City resources and to assure the public that the City has policies and practices that promote cost effective services and identifies and eliminates waste.

Section D
SALARY AND BENEFITS TABLE

PAYROLL BUDGET 1993-94

OCCUPATION	ANNUAL SALARY 101	MONTHLY SALARY 101	BI-WEEKLY SALARY 101	ALLOWANCES 103 - 110	MEDICAL 112-114, 129	PLUX SPEND 117	WC 111	MEDICARE 115	PERS 121	DEP COMP 123 + 130	LIPE INS 124	UNEMPLOY 125	LTD 128	Total Compensation
ADMINISTRATION														
1 ACCOUNT CLERK	24,067.44	2,005.62	925.67		4,725.34		120.34	0.00	3,666.91	613.60	55.38	31.29	120.34	33,300.64
2 FINANCE DIRECTOR	96,339.88	4,944.99	2,282.30	5,341.15	5,097.40		296.70	860.43	8,547.91	0.00	487.24	77.14	296.70	80,344.35
3 DEPARTMENT SECRETARY	26,741.64	2,228.47	1,028.52		4,911.24	18.00	133.71	0.00	3,852.13	681.72	55.38	34.76	133.71	36,962.29
	110,148.96	9,179.08	4,236.50	5,341.15	14,733.98	18.00	530.74	860.43	15,466.96	1,295.32	998.00	143.19	530.74	130,107.48
ACCOUNTING DIVISION														
1 ACCOUNT CLERK	24,067.44	2,005.62	925.67		4,911.24		120.34	0.00	3,666.91	613.60	55.38	31.29	120.34	33,300.64
1 ACCOUNT CLERK	24,067.44	2,005.62	925.67		4,911.24		120.34	0.00	3,666.91	613.60	55.38	31.29	120.34	33,300.64
2 ACCOUNTING MANAGER	49,015.64	4,084.64	1,845.22	942.61	5,097.40		245.08	710.73	7,080.73	0.00	160.68	63.72	245.08	63,541.68
3 ACCOUNT CLERK	24,067.44	2,005.62	925.67		591.24	60.00	120.34	0.00	3,666.91	2,463.50	55.38	31.29	120.34	30,976.44
4 ACCOUNTANT II*	39,525.23	3,290.43	1,520.20	760.1	5,097.40		197.63	573.12	5,693.61	0.00	160.68	31.48	197.63	52,236.77
5 ACCOUNT CLERK	24,067.44	2,005.62	925.67		4,911.24	18.00	120.34	0.00	3,666.91	613.60	55.38	31.29	120.34	33,604.54
6 SENIOR ACCOUNT CLERK	26,562.96	2,213.58	1,021.65		4,911.24		132.81	0.00	3,826.39	677.04	55.38	34.53	132.81	36,333.18
	213,313.63	17,521.13	8,129.36	1,702.71	30,431.00	78.00	1,036.87	1,283.84	30,448.37	4,981.34	998.26	274.79	1,036.87	283,253.68
REFERENCE DIVISION														
1 ACCOUNT CLERK*	23,494.56	1,910.14	903.64		4,911.24		117.47	340.67	3,364.39	544.22	55.38	30.54	117.47	33,035.95
1 REFERENCE MANAGER*	34,919.24	2,782.41	1,341.05	1,343.04	4,725.34		174.60	0.00	5,030.12	0.00	160.68	45.40	174.60	46,573.00
2 ACCOUNT CLERK*	22,193.84	1,819.16	853.61		4,911.24		110.97	321.81	3,197.02	529.88	55.38	28.85	110.97	31,439.46
3 SENIOR ACCOUNT CLERK	26,562.96	2,213.58	1,021.65		4,911.24	18.00	132.81	0.00	3,826.39	677.04	55.38	34.53	132.81	36,333.18
2 ACCOUNT CLERK	24,067.44	2,005.62	925.67		2,205.34		120.34	344.48	3,466.91	1,263.60	55.38	31.29	120.34	31,749.41
3 ACCOUNT CLERK*	22,193.84	1,819.16	853.61		4,911.24		111.88	324.45	3,223.23	556.40	55.38	29.09	111.88	31,699.35
4 ACCOUNT CLERK*	22,193.84	1,819.16	853.61		4,911.24		110.97	321.81	3,197.02	529.88	55.38	28.85	110.97	31,439.46
5 ACCOUNT CLERK*	23,494.56	1,910.14	903.64		591.24	18.00	117.47	340.67	3,364.39	1,449.40	55.38	30.54	117.47	29,999.63
6 ACCOUNT CLERK	24,067.44	2,005.62	925.67		4,911.24	18.00	120.34	344.48	3,466.91	613.60	55.38	31.29	120.34	33,733.51
	223,399.68	18,264.99	8,391.14	1,343.04	36,949.36	54.00	1,116.85	2,347.37	32,136.40	8,604.52	603.72	240.38	1,116.85	306,012.17
FIELD SERVICES DIVISION														
1 ACCOUNTS COLLECTOR	29,097.00	2,424.75	1,119.12		4,911.24		436.46	0.00	4,191.42	741.74	55.38	37.83	436.46	39,616.39
2 METER READER	27,711.72	2,309.31	1,065.84	300.00	4,911.24		415.64	0.00	3,991.87	706.42	55.38	36.03	415.64	36,266.49
3 METER READER	27,711.72	2,309.31	1,065.84	300.00	4,911.24		415.64	601.82	3,991.87	706.42	55.38	36.03	415.64	36,668.71
1 PARKING ENFORCEMENT ASSISTANT	25,221.36	2,101.78	970.05	300.00	4,911.24		378.32	0.00	3,633.14	642.46	55.38	32.79	378.32	33,361.31
2 FIELD SERVICES SUPERVISOR	35,976.96	2,998.08	1,383.73	1,383.72	5,097.40		539.65	0.00	5,182.48	0.00	160.68	66.77	539.65	46,567.55
1 ACCOUNTS COLLECTOR	29,097.00	2,424.75	1,119.12		405.34		436.46	0.00	4,191.42	2,591.68	55.38	37.83	436.46	36,960.39
2 METER READER	27,711.72	2,309.31	1,065.84	300.00	4,911.24		415.64	601.82	3,991.87	0.00	55.38	36.03	415.64	37,662.29
3 PARKING ENFORCEMENT ASSISTANT	25,221.36	2,101.78	970.05	300.00	4,911.24		378.32	0.00	3,633.14	630.53	55.38	32.79	378.32	35,268.67
4 METER READER*	27,603.76	2,199.35	1,061.61	300.00	4,725.34		414.03	446.23	3,936.63	672.62	55.38	35.88	414.03	38,319.28
	255,150.60	21,178.42	9,821.18	1,383.72	39,695.52	0.00	3,830.28	1,203.87	36,783.25	6,692.43	603.72	331.96	1,276.75	348,952.08
PURCHASING DIVISION														
1 BUYER*	32,040.72	2,542.92	1,232.34		4,911.24		160.20	464.59	4,615.47	777.92	55.38	41.65	160.20	43,227.36
2 STOREKEEPER	26,675.28	2,222.94	1,025.97		4,911.24		1,164.36	366.79	3,842.57	679.40	55.38	34.66	1,164.36	37,423.58
1 PURCHASING OFFICER	46,041.56	3,890.13	1,795.44	897.72	5,097.40	60.00	233.41	676.88	6,724.48	0.00	160.68	66.89	233.41	60,826.22
2 SENIOR STOREKEEPER BUYER	30,889.20	2,574.10	1,188.05		4,725.34		1,278.81	447.89	4,448.59	787.28	55.38	40.15	1,278.81	42,826.10
3 PURCHASING ASSISTANT	24,474.16	1,956.18	902.85		4,911.24	60.00	117.37	340.38	3,381.45	642.46	55.38	30.52	117.37	33,116.65
	159,760.92	13,186.27	6,144.65	897.72	24,586.66	120.00	2,894.15	2,316.53	25,013.56	2,868.08	362.20	207.89	2,894.15	217,836.12
DATA PROCESSING														
1 SENIOR PROGRAMMER ANALYST	43,693.52	3,640.96	1,680.44	840.22	5,097.40	60.00	218.46	633.53	6,293.76	0.00	160.68	56.80	218.46	57,270.42
2 SENIOR PROGRAMMER ANALYST*	41,445.82	3,322.44	1,594.07	797.04	5,097.40		207.23	600.96	5,970.27	0.00	160.68	55.64	207.23	54,360.51
3 DATA PROC OPERATIONS SPECIALIST	28,132.68	2,344.39	1,082.03		4,911.24		180.66	407.92	4,052.51	717.08	55.38	36.57	180.66	36,994.72
1 DATA PROCESSING MANAGER	55,303.56	4,608.63	2,127.06	1,063.53	5,097.40		276.52	0.00	7,968.48	0.00	160.68	71.89	276.52	76,216.56
2 DATA PROC PROGRAMMER ANALYST II	33,524.64	2,793.74	1,289.42	644.71	4,911.24		167.82	446.11	4,829.28	0.00	55.38	43.58	167.82	44,830.41
	202,048.66	16,690.36	7,773.02	3,345.50	25,116.84	60.00	1,610.69	2,128.53	29,112.28	717.08	392.80	282.73	1,610.69	265,453.04
DEPARTMENT TOTAL	1,162,102.25	96,640.85	44,696.24	15,813.84	171,321.00	330.00	10,439.36	10,340.36	167,660.83	23,378.77	3,378.70	1,310.73	5,810.51	1,571,844

100